

Fiscal Note

Fiscal Services Division



HF 2436 – Real Estate Appraisal Management – Registration and Supervision (LSB5368HZ)
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Fiscal Note Version – New

Description

House File 2436 requires the superintendent of the Division of Banking (DOB) of the Department of Commerce to act as the administrator of and to regulate appraisal management companies (AMCs). The bill requires the administrator to establish licensing fees for AMCs and to deposit these fees in the Commerce Revolving Fund (CRF). **HF 2436** also modifies provisions applicable to the Iowa Real Estate Appraiser Examining Board, requiring the Board's collected fees to also be deposited in the CRF as well. The bill takes effect January 1, 2017.

Background

The Professional Licensing Bureau (PLB) is a part of the Division of Banking of the Department of Commerce. The PLB licenses, examines, and regulates accountants, architects, engineers and land surveyors, real estate brokers, agents, and appraisers, as well as interior designers. Pursuant to Iowa Code section [546.10](#), the PLB is allowed to retain 85.0% of increased license fees from the above-listed boards, while the remaining fee revenue is deposited in the General Fund. The Bureau also receives an annual appropriation from the General Fund. The portion of the General Fund appropriation that is allocated to each licensing entity by the PLB is based on the size of the licensing entity.

Assumptions

- In addition to establishing a new license category for AMCs, the PLB will also need to establish new license and registration fees through administrative rule. The Bureau estimates that the new license fee for an AMC will be \$1,000 annually, with 80 AMCs registering in FY 2017 and 90 AMCs registering in FY 2018.
- The number of active individual appraiser licenses will remain the same for FY 2017 and FY 2018. The PLB estimates 1,100 licenses for certified appraisers and 115 licenses for associate appraisers. The number of inactive appraiser licenses is also estimated to remain the same at 35 licenses for inactive certified appraisers and 15 licenses for inactive associate appraisers.
- According to the PLB, the regulation of a new license category will result in the hiring of one additional Executive Officer (EO), as well as one additional Licensing Specialist (LS). Total cost for an additional EO is estimated to amount to approximately \$65,000 annually (salary and benefits). Total cost for an additional LS is estimated to amount to approximately \$43,000 annually (salary and benefits).
- In estimating the fiscal impact resulting from the passage of **HF 2436**, the PLB assumes it will continue to receive an annual General Fund appropriation of approximately \$601,000. Based on FY 2015 data, the PLB collected approximately \$229,000 in total fees from appraisers. Approximately \$79,000 was retained by the Bureau pursuant to Iowa Code section [546.10](#), resulting in a deposit of approximately \$150,000 to the General Fund. The PLB estimates that \$70,000 of the annual General Fund appropriation was allocated to the Real Estate Appraiser Examining Board, leaving a net General Fund impact of approximately \$80,000.

Fiscal Impact

[House File 2436](#) is estimated to reduce General Fund revenue by approximately \$150,000 annually, as appraiser licensing fees currently deposited in the General Fund will be deposited in the Commerce Revolving Fund (CRF) instead. Additional revenue resulting from the licensing of AMCs will also be deposited in the CRF. The additional funds in the CRF will be available to offset the annual cost of \$108,000 for new staff administering and regulating AMCs.

The table below shows the total amount of fees collected by the PLB from appraisers for years FY 2012 to FY 2014.

Real Estate Appraiser Licensing Fee Revenue - Current Law				
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
General Fund Deposit	\$ 141,240	\$ 146,891	\$ 162,752	\$ 150,710
85.0% of License Fee Increase Maintained by PLB (Iowa Code section 546.10)	75,994	77,010	83,606	78,911
Assessed Fines	<u>2,553</u>	<u>4,608</u>	<u>3,765</u>	<u>0</u>
Total	<u>\$ 219,787</u>	<u>\$ 228,509</u>	<u>\$ 250,123</u>	<u>\$ 229,621</u>
Average General Fund Deposit, FY 2011 - FY 2015	\$ 150,400			

Sources

Professional Licensing Bureau
Legislative Services Agency

/s/ Holly M. Lyons

March 21, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
